

Company Registration No. 3872261 (England and Wales)

PORTMAN SQUARE PROPERTIES LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017

THURSDAY



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PORTMAN SQUARE PROPERTIES LIMITED

COMPANY INFORMATION

Directors	T A Courtauld N Sanderson S Mew	(Appointed 7 February 2017)
Secretary	D L Martin	
Company number	3872261	
Registered office	33 Cavendish Square London W1G 0PW	
Auditor	Deloitte LLP Statutory Auditor London United Kingdom	

PORTMAN SQUARE PROPERTIES LIMITED

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PORTMAN SQUARE PROPERTIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and financial statements for the year ended 31 March 2017.

This report has been prepared in accordance with the special provisions relating to small companies under s415A Companies Act 2006 taking the exemption from preparing a strategic report.

Principal activities

The Company is a wholly owned subsidiary of Great Portland Estates plc and operates as part of the Great Portland Estates plc Group's ('the Group') central London focused business.

The Company's principal activities are the investment in freehold and leasehold property in the United Kingdom. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Results and dividends

The results for the year are set out on page 7.

The loss for the year, after taxation, amounted to £11,134,148 (2016: profit of £2,802,624). The directors have paid a dividend of £nil (2016: £nil).

The Group converted to REIT status on 1 January 2007 and as a result the Company benefits from an exemption from UK corporation tax on both rental profits and chargeable gains relating to the property investment business.

The Company is managed on a day to day basis by Great Portland Estates plc. The performance of the Company is discussed in the Great Portland Estates plc Annual Report. For this reason, the Directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Directors

The directors, who served during the year except as noted, were as follows:

T A Courtauld
N Sanderson
N Thompson
S Mew

(Resigned 12 December 2016)

(Appointed 7 February 2017)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date.

Going concern

The directors have reviewed the loss made in the current financial year and the projected financial position of the Company and the Group, making reasonable assumptions about future trading performance, valuation projections and debt requirements. In making this assessment, the directors have taken into account available market information, consulted with advisers and applied their own knowledge and experience to the Company and Group's property portfolio and markets.

On the basis of this review, and the confirmed support of the ultimate parent company where necessary, and after making due enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report and financial statements.

PORTMAN SQUARE PROPERTIES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Rent receivable

Rent receivable for the year was £3,645,479, a decrease from 2016 of £345,560 due to lease expiries.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Liquidity risk

To maintain liquidity and ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance.

Credit risk

The Company's principal financial assets are bank balances and trade and other receivables. The Company's credit risk is primarily to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a diverse tenant base. Further details regarding credit risk can be found in the accounting policies in the notes to the financial statements.

Cash flow risk

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible into a known amount of cash and are subject to insignificant risk of changes in value.

Future prospects

Notwithstanding London's long-term potential, it is likely that the near-term outlook will be dominated by the uncertainty created by our exit from the EU and the resultant negative impact on the London economy and its property market. Furthermore, wider global uncertainties persist given the recent change in the US and UK administrations and the outlook for global interest rates, along with a variety of other geopolitical risks. Against this backdrop tenants have become increasingly discerning on the nature and pricing of their space requirements and, as a result, we expect rental values to reduce modestly over the next 12 months. Whilst investing in London real estate continues to offer relative value in a global environment where yield is scarce, we expect to witness some further modest expansion of prime yields in the medium term given this rental outlook.

Within this more challenging economic context, we are well positioned: the wider Group's balance sheet has never been stronger with gearing at record low levels, the portfolio is almost fully occupied, off attractively low rents, with minimal exposure to financial services tenants, and we have a first class team ready to capitalise on this period of uncertainty.

PORTMAN SQUARE PROPERTIES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that ought to have been taken as a director in order to be made aware of any relevant audit information and to establish that the company's auditor is aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the board



D.L. Martin

22 September 2017

PORTMAN SQUARE PROPERTIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2017

The directors are responsible for preparing the Annual Report including the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PORTMAN SQUARE PROPERTIES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PORTMAN SQUARE PROPERTIES LIMITED

We have audited the financial statements of Portman Square Properties Limited for the year ended 31 March 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

PORTMAN SQUARE PROPERTIES LIMITED

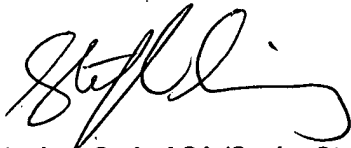
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PORTMAN SQUARE PROPERTIES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report or from the requirement to prepare a Strategic Report; or
- we have not received all the information and explanations we require for our audit.



Stephen Craig ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

22 September 2017

Statutory Auditor
London
United Kingdom

PORTMAN SQUARE PROPERTIES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Revenue	3	3,645,479	3,991,039
Ground rent		(7,485)	(7,042)
Gross profit		3,637,994	3,983,997
Property expenses	5	(589,188)	(70,810)
Administrative expenses		(293,682)	(337,007)
Net rental and related income		2,755,124	3,576,180
(Deficit)/surplus on revaluation of investment properties	8	(12,481,903)	124,876
(Loss)/profit before finance charges		(9,726,779)	3,701,056
Finance costs	6	(1,407,369)	(898,432)
(Loss)/profit before taxation		(11,134,148)	2,802,624
Tax	7	-	-
(Loss)/profit for the financial year		(11,134,148)	2,802,624

The income statement has been prepared on the basis that all operations are continuing operations.

PORTMAN SQUARE PROPERTIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	£	£
(Loss)/profit for the year	(11,134,148)	2,802,624
	<u> </u>	<u> </u>
Other comprehensive income		
	<u> </u>	<u> </u>
Total other comprehensive income for the year	-	-
	<u> </u>	<u> </u>
Total comprehensive (expense)/income for the year	(11,134,148)	2,802,624
	<u> </u>	<u> </u>

PORTMAN SQUARE PROPERTIES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Notes	2017 £	2016 £
Non-current assets			
Investment properties	8	68,450,000	80,000,000
Current assets			
Trade and other receivables	9	82,409	659,767
Cash at bank and in hand		2,155	1,155
		84,564	660,922
Current liabilities			
Trade and other payables	10	(22,593,548)	(23,469,372)
Current tax liability		-	(116,386)
		(22,593,548)	(23,585,758)
Net current liabilities		(22,508,984)	(22,924,836)
Net assets being total assets less current liabilities		45,941,016	57,075,164
Equity			
Share capital	11	1	1
Retained earnings		45,941,015	57,075,163
Total equity		45,941,016	57,075,164

The financial statements were approved by the Board of directors and authorised for issue on 22 September 2017.

Signed on its behalf by:



N Sanderson
Director

Company Registration No. 3872261

PORTMAN SQUARE PROPERTIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2015	1	54,272,539	54,272,540
	<hr/>	<hr/>	<hr/>
Profit for the year	-	2,802,624	2,802,624
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	2,802,624	2,802,624
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	1	57,075,163	57,075,164
	<hr/>	<hr/>	<hr/>
Loss for the year	-	(11,134,148)	(11,134,148)
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total loss and other comprehensive expense for the year	-	(11,134,148)	(11,134,148)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	1	45,941,015	45,941,016
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

1.1 Basis of preparation

Portman Square Properties Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The nature of the Company's operations and its principal activities are set out on page 1. The address of the registered office can be found in note 14.

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements have been prepared on the historical cost basis, except for investment property that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

The entity is included in the ultimate parent company accounts as described in note 14 as such the entity has taken the exemption per IAS 27 from preparing consolidated financial statements.

Under FRS 101, the Company has applied the recognition and measurement provisions of International Accounting Standard ('IAS') 27 'Consolidated and Separate Financial Statements', as endorsed by the European Union ('EU').

The Company has taken advantage of certain disclosure exemptions in FRS 101 as its financial statements are included in the publicly available consolidated financial statements of Great Portland Estates plc. These disclosure exemptions relate to the statement of cash flows and related party transactions. Copies of those consolidated financial statements may be obtained by writing to the Company Secretarial Department at Great Portland Estates plc.

The Company is not a financial institution and is therefore able to take advantage of exemption from all requirements of, IFRS 7 'Financial Instruments: Disclosures' and from the disclosure requirements of IFRS 13 'Fair Value Measurement'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payments, non-current assets held for sale and discontinued operations, financial instruments, capital management, presentation of a cash flow statement, changes in accounting estimates and errors, standards not yet effective, impairment of assets and related party transactions.

1.2 Significant judgements and sources of estimation uncertainty

In the process of preparing the financial statements, the directors are required to make certain judgements, assumptions and estimates. Not all of the Company's accounting policies require the directors to make difficult, subjective or complex judgements or estimates. Any estimates and judgements made are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on the director's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Significant judgements: recognition of sales and purchases of property

The Company recognises sales and purchases of property when the risks and rewards of ownership transfer to the new owner. Whilst in most instances this assessment is straightforward, arrangements such as forward sales, significant levels of deferred consideration or transactions with other complex arrangements require the directors to exercise judgement in recognising the transaction.

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Key source of estimation uncertainty: property portfolio valuation

The valuation to assess the fair value of the Company's investment properties is prepared by its external valuer. The valuation is based upon a number of assumptions including future rental income, anticipated maintenance costs, future development costs and an appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. For the current year and prior year the directors adopted the valuation without adjustment, further information is provided in the accounting policy for investment property and note 8.

1.3 New accounting standards

During the year ended 31 March 2017, the following accounting standards and guidance were adopted by the Company the pronouncements either had no impact on the financial statements or resulted in changes to presentation and disclosure only:

- Amendments to IFRS (Annual improvements 2012–2014 cycle)
- Amendments to IFRS 11
- Amendments to IAS 16 and IAS 38
- Amendments to IAS 27
- Amendments to IAS 1
- Amendments to IAS 10, IFRS 12 and IAS 28

The adoption of the Standards and Interpretations has not significantly impacted these financial statements.

1.4 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Tenant leases

The directors have considered the potential transfer of risks and rewards of ownership in accordance with IAS17 - Leases for all properties leased to tenants and in their judgement have determined that all such leases are operating leases.

1.6 Leases incentives

Lease incentives including rent-free periods and payments to tenants, are allocated to the income statement on a straight-line basis over the lease term or on another systematic basis, if applicable. The value of the resulting accrued rental income is included within the respective property.

1.7 Property expenses

Irrecoverable running costs directly attributable to specific properties within the Company's portfolio are charged to the income statement as other property expenses. Costs incurred in the improvement of the portfolio which, in the opinion of the directors, are not of a capital nature are written off to the income statement as incurred.

1.8 Administration expenses

Costs not directly attributable to individual properties are treated as administration expenses.

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.9 Investment Properties

Investment properties and investment properties under development are professionally valued on a fair value basis by qualified external valuers and the directors must ensure that they are satisfied that the valuation of the Company's properties is appropriate for inclusion in the accounts without adjustment.

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards Global January 2014 including the International Valuation Standards and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) ("the Red Book") and have been primarily derived using comparable recent market transactions on arm's length terms.

For investment property, this approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods.

These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors that are taken into account in the valuations include the tenure of the property, tenancy details, planning, building and environmental factors that might affect the property.

In the case of investment property under development, the approach applied is the 'residual method' of valuation, which is the investment method of valuation as described above with a deduction for the costs necessary to complete the development, together with an allowance for the remaining risk.

Sales and purchases of investment properties are recognised when the risks and rewards of ownership transfer, based on the terms and conditions of each transaction.

Financial risk management objectives:

1.10 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a policy of only dealing with creditworthy tenants and obtaining sufficient rental cash deposits or third party guarantees as a means of mitigating financial loss from defaults.

The concentration of credit risk is limited due to the diverse tenant base. Accordingly the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of rent deposits obtained.

1.11 Capital risk

The Group manages its capital to ensure that it will be able to continue as a going concern and as such it aims to maintain an appropriate mix of debt and equity financing. The current capital structure of the Group consists of a mix of equity and debt.

1.12 Liquidity risk

The Group operates a framework for the management of the Group's short-, medium- and long-term funding requirements. Cash flow and funding needs are regularly monitored to ensure sufficient facilities are in place. The Group operates strict counterparty limits on its deposits.

1.13 Interest rate risk

Interest rate risk arises from the Group's use of interest bearing financial instruments. It is the risk that future cash flows from a financial instrument will fluctuate due to changes in interest rates. It is the Group's policy to mitigate the risk through fixed interest rates on its debt.

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Financial instruments:

1.14 Trade receivables and payables

Trade receivables and payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

1.15 Interest bearing loans and borrowings

Borrowings are held at amortised cost, with any discounts, premiums and attributable costs charged to the income statement using the effective interest rate method.

1.16 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

2 Directors' remuneration and employees

The Company had no employees other than directors, in the current year or preceding year. None of the directors received any emoluments for their services to the Company in the current or preceding financial year.

3 Revenue

This comprises rental income and premiums on lease surrenders on investment properties for the year, exclusive of service charges receivable. Rental uplifts from rent reviews are recognised when agreed with the tenant. Service charges are credited against relevant expenditure.

4 Auditor's remuneration

	2017	2016
Fees payable to the Company's auditor and its associates:	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6,000	6,000
Total audit fees	<u>6,000</u>	<u>6,000</u>

Fees payable to the Company's auditor and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent Company are required to disclose such fees on a consolidated basis.

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

5 Property expenses

	2017	2016
	£	£
Service charge income	(711,278)	(770,528)
Service charge expenses	995,846	875,032
Other property expenses/(cost recovery)	304,620	(33,694)
	<u>589,188</u>	<u>70,810</u>

6 Finance costs

	2017	2016
	£	£
Interest payable to ultimate parent company at 6.8% (2016: 4.0%)	<u>1,407,369</u>	<u>898,432</u>

Interest on intercompany debt is charged at variable rates based on the weighted average interest rate of Group third party debt and balances are repayable on demand.

7 Tax

	2017	2016
	£	£
Total tax charge for the year	<u>-</u>	<u>-</u>

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2017	2016
	£	£
(Loss)/profit before taxation	<u>(11,134,148)</u>	<u>2,802,624</u>

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

		(Continued)
7 Tax		
	2017 £	2016 £
(Loss)/profit before taxation multiplied by standard rate of UK corporation tax of 20% (2016 - 20%)	(2,226,830)	560,525
Taxation impact of factors affecting tax charge:		
Effect of revaluation of investment property	2,496,381	(24,975)
Ring-fenced rental profits and gains	(269,551)	(535,550)
Total adjustments	2,226,830	(560,525)
Tax charge for the year	-	-

A reduction in the UK corporation tax rate from 20% to 19% took place on 1 April 2017.

8 Investment properties	Leasehold £
Valuation	
At 1 April 2015	79,800,000
Additions	75,124
Surplus on revaluation	124,876
At 31 March 2016	80,000,000
Additions	931,903
Deficit on revaluation	(12,481,903)
At 31 March 2017	68,450,000

The Company's investment properties were valued on the basis of Fair Value by CBRE Limited (CBRE), external valuers, as at 31 March 2017 in accordance with the RICS Valuation – Professional Standards Global January 2014 including the International Valuation standards and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) ("the Red Book") and have been primarily derived using comparable recent market transactions on arm's length terms.

The historical cost of investment properties at 31 March 2017 was £37,880,091 (2016: £36,948,188).

9 Trade and other receivables	2017 £	2016 £
Trade receivables	19,289	599,762
Other receivables	63,120	60,005
	82,409	659,767

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

10 Trade and other payables

	2017	2016
	£	£
Trade payables	36,346	194,585
Tenant's reserve fund	40,000	40,000
Amount due to parent undertaking	21,341,735	21,789,657
Accruals and rent in advance	1,115,467	1,385,130
Other payables	60,000	60,000
	<u>22,593,548</u>	<u>23,469,372</u>

Interest on intercompany debt is charged at variable rates based on the weighted average interest rate of Group third party debt. The intercompany loans are repayable on demand.

11 Share capital

	2017	2016
	£	£
Ordinary share capital		
Allotted, called up and fully paid		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

12 Reserves

The following describes the nature and purpose of each reserve within equity:

Share capital

The nominal value of the Company's issued capital, comprising £1 ordinary shares

Retained earnings

Cumulative net gains and losses recognised in the Company's income statement together with other items such as dividends.

13 Operating leases

Future aggregate minimum rentals receivable under non-cancellable operating leases are:

	2017	2016
	£	£
The Company as a lessor		
Less than one year	2,297,204	3,314,762
Between two and five years	8,439,056	5,011,992
More than five years	-	874,350
	<u>10,736,260</u>	<u>9,201,104</u>

PORTMAN SQUARE PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

14 Ultimate controlling party

The Company is a wholly-owned subsidiary undertaking of Great Portland Estates plc, a company incorporated in Great Britain and registered in England & Wales, the ultimate parent undertaking and controlling entity, and the only Company within the Group which prepares consolidated financial statements. The financial statements of the Company and of Great Portland Estates plc can be obtained from 33 Cavendish Square, London W1G 0PW.